

GLENBROOK HIGH SCHOOL DISTRICT 225

FINANCE COMMITTEE MINUTES

December 4, 2017 7:32 AM – 9:21 AM

Administration Building - Public Meeting Room 100A

Members Present: Doughty, Fagel, Finan, Frandson, Gravel, Ptak, Raffles, Riggle, Swanson, Tarver, Taub, Wright

Also Present: Williamson

Members Absent: Hanley

Agenda Item #1: Call to Order

A regular meeting of the Finance Committee was held in Room 100A at the Glenbrook High School District 225 District Office on December 4, 2017. The meeting convened at 7:32 AM.

Agenda Item #2: Recognition of Community Visitors

There were no community members present at the meeting.

Agenda Item #3: Refunding Opportunity for the 2008 Referendum Bonds

Dr. Gravel introduced Elizabeth Hennessy, Managing Director of Public Finance from Raymond James to present a market update regarding the refunding opportunity for the 2008 Referendum Bonds. Dr. Gravel reminded the committee that since 2000, the District has saved over \$10,555,000 of interest by refunding bonds.

Ms. Hennessy explained to the committee that the district has the opportunity to refund the Series 2008 Bonds for savings within 90 days of the call date, which is June 1, 2018. The district can refund these bonds in advance of the call date on a tax-exempt basis under current law, however, cannot issue additional debt in calendar 2017 due to the issue of the life safety bonds as bank qualified. Under current law, bonds can be refunded on a tax-free basis once - after that, any refunding or restructuring would need to be on a taxable basis.

Ms. Hennessy presented two refunding options: (1) Uniform refunding keeping the final maturity the same with savings in each year, or (2) Accelerated refunding paying the

bonds off over a shorter period of time with no savings for the first several years.

Uniform debt structure keeps the repayment terms of the debt the same. The total savings will reduce the tax rate by 1.1 cents or approximately \$17 for the owner of a \$600,000 market value home, over the term of the bonds.

Under accelerated debt structure the debt payment is shortened by one year. Total savings is higher than the uniform debt structure. Taxpayers would get all the benefit of the refunding in the final year 2027. The total savings for an owner of a \$600,000 market value home in 2027 would be \$167.

The committee agreed that they will bring forth the refunding opportunity and a draft parameter resolution for discussion at the January 8, 2018 Board of Education meeting and the final resolution for approval to the January 22, 2018 Board of Education meeting.

Agenda Item #4: Follow-up to Contingency Discussion

Dr. Gravel reminded the committee that at the November 7, 2017 Finance Committee meeting, the topic of budgeted contingencies was discussed. At that time the committee determined that the current practice of budgeting 0.5% (half of one percent) of each operating fund should be adjusted. As a result, beginning with the 2018-19 fiscal year budget, the budget will include non-capital project contingency funds in the amount of 0.25% (quarter of one percent) for only the Education Fund and the Operations and Maintenance Fund. For the first time in the 2018/19 fiscal year there will be no contingencies budgeted for the Transportation Fund and IMRF/Social Security Fund.

The committee agreed that there would be no policy changes regarding contingencies, at this time.

Agenda Item #5: Updated 5-Year Financial Projection

Dr. Gravel shared with the committee that last year the business services team partnered with Forecast5 Analytics to create a new financial forecast for the school district. The financial forecast, called 5Cast, enables the team to develop “what-if” scenarios for use in predicting the impact of different local, state and federal conditions and basically projects how much funds the district can responsibly spend in the future.

Dr. Gravel then provided an overview of the the fund balance. He explained that the fund balance is defined as the difference between assets and liabilities in an individual governmental fund. The fund balance of an individual fund is increased with revenues exceed expenditures. Dr. Gravel emphasised by pointing out to the committee that the

fund balance of an individual fund changes almost daily, as revenues are received and expenditures are disbursed.

Dr. Gravel shared that Board Policy 4010 identifies the requirements for the annual budget and provides guidance regarding the District's operating fund balance. Section B states "unassigned reserves in the operating funds shall be maintained at a level equal to not less than 33% of the next year's projected operating budget". Dr. Gravel further explained that the district might want to consider a higher reserve level in the future, especially in light of limited opportunities to issue new debt for the next 10 years, the unpredictability of property taxes, and the unstable conditions of state funding.

At this time, the committee agreed to provide these projections as an informational item at an upcoming Board of Education meeting.

Agenda Item #6: Discussion of Black Box Theatres

Dr. Ptak presented the topic of the black box theatres. A black box theatre is a flexible, versatile performance space intended to house small performances and informal presentations. It is a simple, open space that serves the purpose of connecting the audience to performers in an intimate setting.

Dr. Ptak presented some historical information by explaining that in December 2013, district and building administration presented an enrollment and capacity study to the Board of Education. As a follow-up, in the Spring of 2014, a report on student athletic and activity opportunities was shared with the Board where GBN and GBS both brought forward the need for additional performance venues. Since that time, the topic of Black Box Theatres have been discussed and the district's architect, ARCON and Associates created renderings along with estimates based on Black Box Theatres constructed in neighboring districts. This information was shared at the September 20, 2017 Facility Committee meeting, where it was recommended that it be discussed with the Finance Committee.

A board member offered fund raising activities as a funding option, and also recommended that the schools think "out of the box" on the multiple uses for the theatres, aside from their performance value.

Dr. Riggle offered exploring options using existing spaces, i.e., the drama room at GBS and the orchestra room at GBN.

The committee would like the option of visiting this topic again later in the year, once we know the direction of healthcare and the conclusion of employee group negotiations. Additionally, after the spring the committee agreed that the district's architects should

provide some more information after a thorough review of the needs of each building.

Agenda Item #8: Other Topics

There were no other topics for discussion

Agenda Item #9: Adjournment

The meeting adjourned at 9:21 AM.

The next Finance Committee Meeting date will be February 6, 2018.